

Message Text

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ACTION EUR-12

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R 291217Z MAR 75

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 3530

SECDEF WASHDC

INFO AMEMBASSY THE HAGUE

AMEMBASSY OSLO

AMEMBASSY COPENHAGEN

AMEMBASSY PARIS

AMEMBASSY BONN

C O N F I D E N T I A L BRUSSELS 2799

E.O. 11652: GDS

TAGS: MASS BE

SUBJ: STATE OF BELGIAN DECISION-MAKING ON F-104 REPLACEMENT

SUMMARY: BELGIAN GOVERNMENT IS STRUGGLING PAINFULLY TOWARD A DECISION ON F-104 REPLACEMENT. MINI-CABINET DISCUSSION UNDER TINDEMANS CHAIRMANSHIP MARCH 26 PRODUCED NO DECISION BUT CONFIDENTIAL INFORMANTS TELL US SELECTION OF F-16 LOOKS PROBABLE. IT APPEARS FOCUS OF BELIGAN CONCERN IN CURRENT PRE-DECISION PERIOD IS TO FIND WAY TO COAT THE BITTER PILL TO BE HANDED FRANCE IF THE FINAL DECISION IS FOR THE F-16. BELGIUM WILL SEND FOREIGN MINISTRY EXPERT TEAM TO BONN NEXT WEEK TO EXPLORE POSSIBILITY OF GETTING SOME KIND OF GERMAN POLITICAL COMMITMENT, ALONG WITH BELGIUM AND OTHERS, TO INSURE SURVIVAL OF A EUROPEAN AIRCRAFT INDUSTRY, EVEN IF F-16 IS CHOSEN. BELGIANS JUDGE THAT NORWAY, DENMARK AND NETHERLANDS HAVE OPTED FOR F-16, ALTHOUGH APRIL 3 DEFENSE MINISTERS MEETING MAY NOT PRODUCE ANNOUNCEMENT TO THAT EFFECT. FACED WITH WORSENING PROSPECTS FOR MIRAGE, FRENCH ARE STEPPING UP PRESSURE ON BELGIANS. PARIS HAS REPORTEDLY THREATENED TO DIVERT
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FROM BELGIAN INDUSTRY \$600 MILLION IN NON-AIRCRAFT ORDERS

IF MIRAGE IS SPURNED. END SUMMARY.

1. THIS WEEKS'S DEVELOPMENTS HAVE CLARIFIED FOR BELGIAN GOVERNMENT SOME FACTUAL ASPECTS OF F-104 REPLACEMENT QUESTION WITH RESULT THAT F-16 APPEARS TO MORE BELGIANS AS THE BEST AND CHEAPEST BUY. BUT THIS DOES NOT MAKE THE DECISION ANY EASIER TO MAKE, PARTICULARLY SINCE FRENCH ARE DIRECTING ALL POSSIBLE PRESSURE AT BRUSSELS TO GO FOR MRAGE. WE ARE TOLD THAT THE NOW FORESEEABLE PROCEDURE IN DECISION-MAKING PROCESS IS AS FOLLOWS: (1) ANOTHER MEETING OF TINDEMANS INNER CABINET NEXT WEEK AT WHICH NO DECISION WILL BE REACHED; (2) MEETING OF CONSORTIUM DEFENSE MINISTERS APRIL 3 WHICH IS ALSO EXPECTED TO BE INCONCLUSIVE UNLESS NORDICS CHOSE TO ANNOUNCE THEN FOREGONE CONCLUSION TO BUY F-16; (3) FURTHER BELGIAN CABINET CONSIDERATION AFTER TINDEMANS RETURNS FROM APRIL 7-10 TRIP TO POLAND WITH BELGIAN DECISION FORESEEN NOT EARLIER THAN MIDDLE OF APRIL.

2. WE UNDERSTAND THAT MARCH 24-25 DUTCH AND BELIGAN MINISTERIAL MEETING CONCENTRATED ALMOST EXCLUSIVELY ON ANALYSIS OF COSTS OF F-1 AND F-16. RELIABLE BELGIAN SOURCES TELL US RESULT WAS THAT, GRANTING ALL POSSIBLE ALLOWANCES TO THE MIRAGE CASE, THE F-16 TURNS OUT TO BE "7 TO 11 PERCENT CHEAPER." WE ARE TOLD THAT FRENCH HAVE ONLY ONE SIGNIFICANT ADVANTAGE IN COST COMPARISON AND THAT IS HYPOTHETICAL: POSSIBILITY THAT FUTURE DOLLAR APPRECIATION OR SOARING U.S. INFLATION MIGHT PRODUCE IMPORTANT COST INCREASES IN TERMS OF BELGIAN CURRENCY IF F-16 IS BOUGHT.

3. TINDEMANS' INNER CABINET MET MARCH 26 FOR LENGTHY, INCONCLUSIVE DISCUSSION OF LWF ACQUISITION. WE ARE TOLD THAT A CONSENSUS IS DEVELOPING IN THAT BODY THAT F-16 IS A SUPERIOR WEAPONS SYSTEM AND CHEAPER OVERALL. ONE SOURCE, TELLS US THAT INTERNAL BELGIAN DISCUSSION NOW TURNS ON HOW TO "SWEETEN THE PILL" FOR FRANCE.

4. IN THAT CONNECTION WE HAVE LEARNED THAT BELGIAN FOREIGN MINISTRY WILL SEND EXPERT TEAMS TO BONN NEXT WEEK TO HOLD TALKS ABOUT FUTURE OF EUROPEAN AIRCRAFT INDUSTRY
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WHEN F-16 IS CHOSEN AS FOUR COUNTRIES' LWF. BACKGROUND OF THIS HASTY, BELATED AND APPARENTLY ONLY LOOSELY-DEFINED MISSION IS BELGIUM'S GENUINE CONCERN THAT A EUROPEAN AIRCRAFT INDUSTRY SHOULD SURVIVE IN SOME FORM. EXPERTS HERE FEEL THAT FRENCH INDUSTRY IS IN SERIOUS DANGER OF GOING UNDER WITHOUT LWF SHOT IN THE ARM. TINDEMANS HAS DIRECTED FOREIGN MINISTRY TO EXPLORE POSSIBILITY OF SECURING SOME SORT

OF POLITICAL COMMITMENT FROM IMPORTANT WESTERN EUROPEAN STATES TO SEE THAT SOMEHOW A EUROPEAN AIRCRAFT INDUSTRY REMAINS. FRG IS SEEN AS THE KEY COUNTRY IN THIS CONTEXT, HENCE THE BONN MISSION. WE DO NOT KNOW - AND DOUBT IF FOREIGN MINISTRY KNOWS - EXACTLY WHAT BELGIANS WILL BE ASKING OF GERMANS.

4. WE ARE RELIABLY TOLD THAT FRENCH GOVERNMENT - SERIOUSLY CONCERNED BY THE WAY COST/PERFORMANCE COMPARISONS POINT TO A F-16 BUY - HAS MOVED FROM PERSUASION TO THREATS. BELGIANS HAVE BEEN TOLD THEY ARE IN DANGER OF LOSING THREE MAJOR FRENCH GOVERNMENT ORDERS (FOR ANUCLEAR POWER-PLANT INSTALLATION, AN ARTILLERY PIECE AND A FIRE-CONTROL SYSTEM) WORTH IN ALL BF TWO MILLION (\$600 MILLION) IF BELGIUM DOES NOT CHOSE THE MIRAGE. MEANWHILE, FABRIQUE NATIONALE, WHICH WILL BE ENGINE BUILDER FOR EITHER F-16 OR F-1, HAS BEGUN LOBBYING KEY OFFICIALS AND MINISTRIES TO OPT FOR F-16. FN EXECUTIVES ADVISE US THAT THEY HAVE BEEN PERSUADED BY THE HIGHER TECHNOLOGICAL LEVEL OF THE F-100 ENGINE, THE LARGER FORESEEABLE MARKET AND THE PROSPECT OF ENTERING INTO AN ADVANTAGEOUS LONG-RUN RELATIONSHIP WITH PRATT & WHITNEY. COMMENT: TO SUM UP, SUPERIORITY OF F-16 AS A WEAPONS SYSTEM AND IN TERMS OF COST AND ECONOMIC ADVANTAGE HAS BECOME CLEARER TO MORE BELGIANS BOTH PUBLICLY AND IN CLOSED OFFICIAL CHAMBERS. IT WOULD NOW BE DIFFICULT POLITICALLY TO JUSTIFY TO BELGIAN PUBLIC SELECTION OF THE F-1. THE FRENCH HAVE BEEN DRIVEN BACK FROM ADVOCACY OF THE F-1 AS THE PUTATIVE BEST BUY TO A SUGGESTION OF BLACKMAIL - THE THREAT OF ECONOMIC RETALIATION IF BELGIUM CHOSE WRONG. VERY LIKELY THE LAST-MINUTE BELGIAN EFFORT TO DO SOMETHING - HOWEVER SUPERFICIAL AND PUBLIC RELATIONS-ORIENTED IT MAY TURN OUT TO BE - IN BEHALF OF A CONTINUING

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EUROPEAN (READ FRENCH) AIRCRAFT INDUSTRY IS PRIMARILY INTENDED TO LIMIT THE GALLIC FURY NOW FORESEEN IF BELGIUM DECIDES TO BUY THE F-16.

5. WHILE WE ARE NOW IN A GOOD POSITON, WE ARE NOT YET HOME FREE. THE FRENCH MAY HAVE MORE TRICKS UP THEIR SLEEVES. WITHOUT MODIFYING OUR OFFER IN ANY ESSENTIAL WAY, WE SHOULD CONTINUE TO DO OUR BEST TO EXPLAIN THE F-16 PROGRAM AND TRY TO MEET LEGITIMATE BELGIAN CONCERNS.FIRESTONE

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